LANCASTER
INVESTMENT MANAGEMENT

Lancaster European LS Equity

April 2019

The fund returned 3.29% in April against a positive market backdrop. Performance was broad-based across the portfolio with EssilorLuxottica providing the largest contribution as shareholders proposed new independent board members for election at the AGM; the hope is that this will resolve the current governance impasse and accelerate the realisation of merger synergies. Zalando continued its good performance this year by reporting a better than expected – marginally positive – operating profit for the first quarter against negative expectations; Q1 is typically a small quarter for most retailers following the Christmas period. We continue to be enthused about the prospects for the business with the deployment of its Partner Program and ability to absorb cost inflation relative to competitors due to scale. UBS also reported a better than expected set of results for the first quarter and confirmed they would resume their share buyback program. Our short in Boohoo was the largest negative contributor in the month as the market focused on stronger than expected topline growth in the latest results, ignoring higher than expected cost growth; profits failed to grow despite an increase in accounting adjustments.

Performance	
Return on month	3.29%
1 year return	0.01%
3 year CAGR	7.47%
5 year CAGR	1.95%

Exposure	
Gross	116.0%
Net	65.8%
Net Beta Adj.	64.0%
Long	90.9%
Short	-25.1%

Number of Positions	
Long	31
Short	20
Total	51

Leverage	
Gross method	1.7
Commitment method	1.2

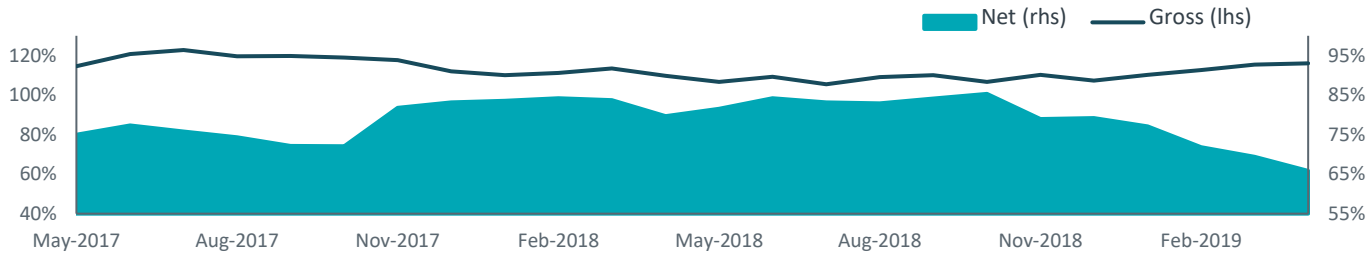
Top 3 Positive Contributors
EssilorLuxottica
Consumer Discretionary (long)
Consumer Discretionary (long)

Top 3 Negative Contributors
Consumer Discretionary (short)
Communication Services (short)
Industrial (short)

Top 5 Longs	
EssilorLuxottica	7.5%
Cobham	5.4%
Serco Group	5.3%
Tesco	4.7%
Lanxess	4.4%
Total	**27.2%**

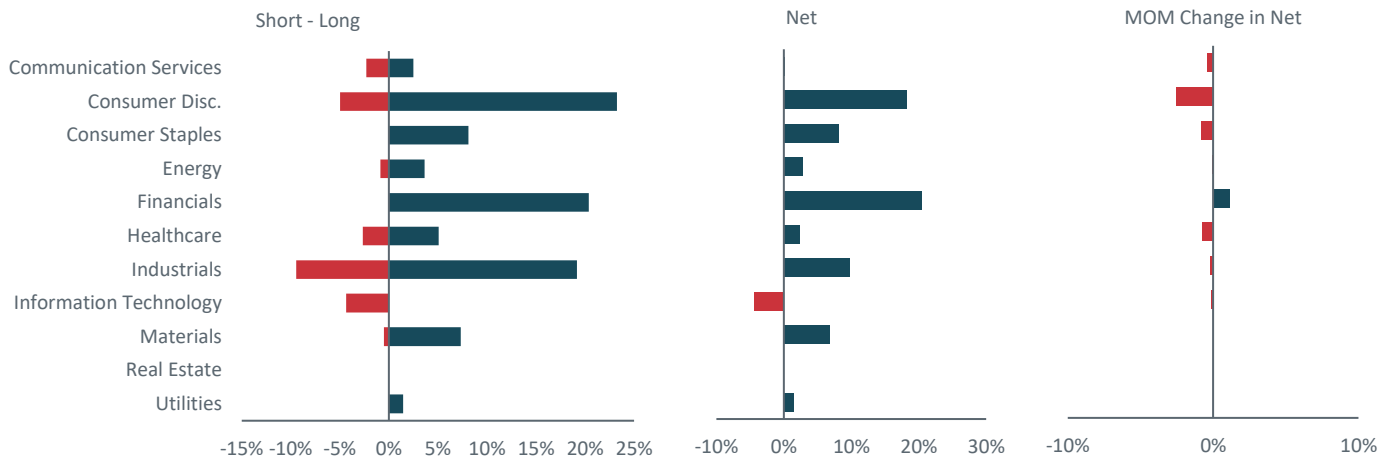
Top 5 Shorts	
Communication Services	-2.3%
Consumer Discretionary	-1.9%
Industrial	-1.8%
Healthcare	-1.6%
Industrial	-1.6%
Total	**-9.3%**

Rolling 24 Month Gross and Net Exposures



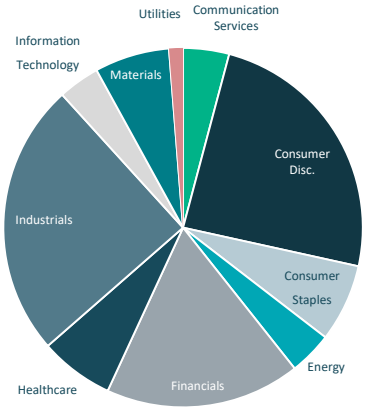
Source: Lancaster Investment Management

Sector Exposure

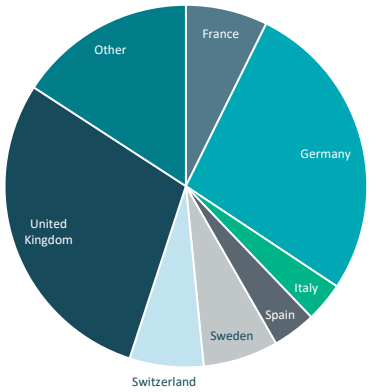


Source: Lancaster Investment Management

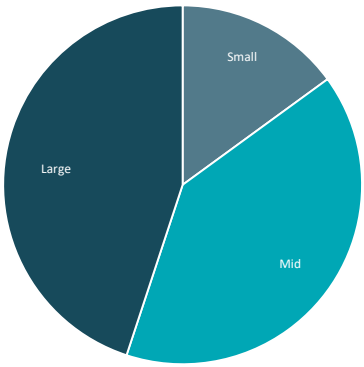
Sector



Country

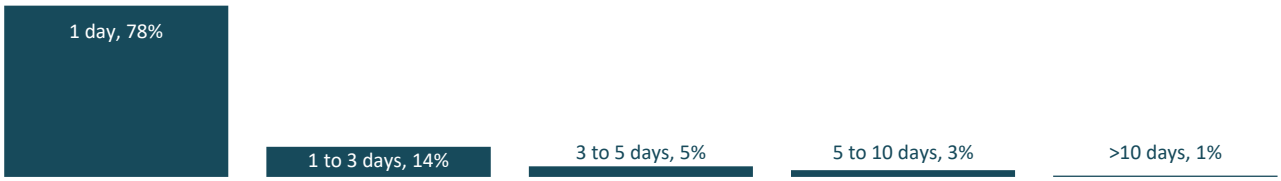


Market Cap



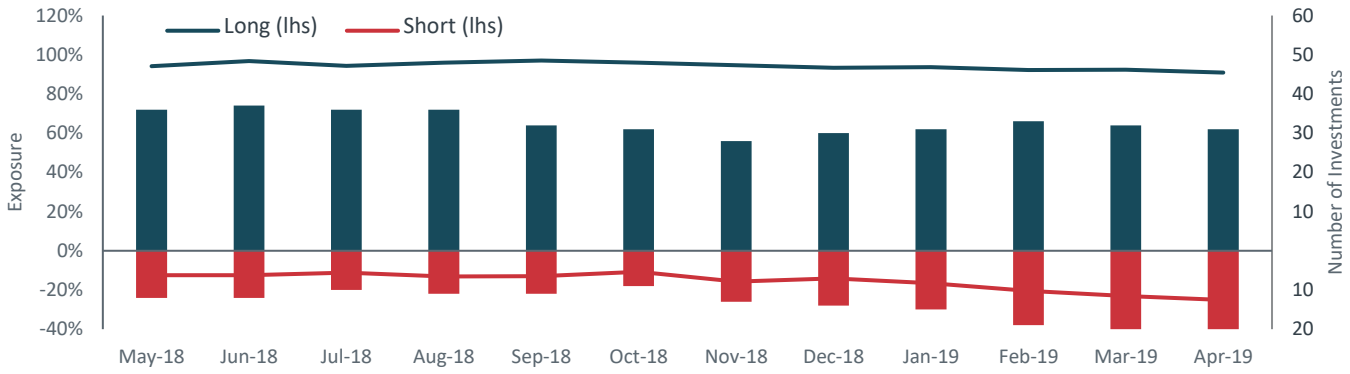
Source: Lancaster Investment Management

Liquidity



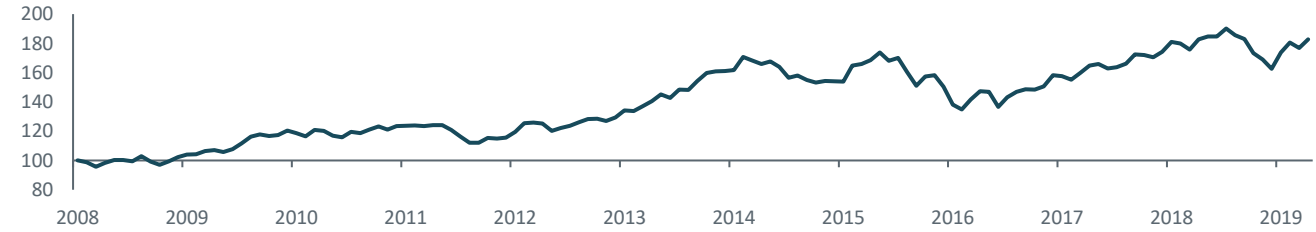
Source: Lancaster Investment Management, Bloomberg

Portfolio Composition



Source: Lancaster Investment Management

Fund Performance



Source: Lancaster Investment Management

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**	**Inception**
2019	6.86%	3.80%	-1.96%	3.29%									**12.32%**	**82.75%**
2018	3.88%	-0.63%	-2.27%	3.97%	1.06%	-0.02%	2.99%	-2.45%	-1.40%	-5.23%	-2.48%	-3.75%	**-6.61%**	**62.71%**
2017	-0.39%	-1.56%	2.94%	3.23%	0.69%	-1.92%	0.62%	1.37%	3.90%	-0.34%	-0.88%	2.22%	**10.13%**	**74.22%**
2016	-8.10%	-2.32%	5.00%	3.92%	-0.23%	-7.04%	4.85%	2.59%	1.13%	-0.03%	1.41%	5.02%	**5.22%**	**58.19%**
2015	-0.10%	7.11%	0.59%	1.63%	3.10%	-3.27%	1.23%	-5.74%	-5.77%	4.10%	0.64%	-5.03%	**-2.42%**	**50.34%**
2014	0.37%	5.56%	-1.40%	-1.40%	0.99%	-2.16%	-4.51%	0.91%	-1.87%	-1.20%	0.72%	-0.15%	**-4.37%**	**54.06%**
2013	3.75%	-0.35%	2.42%	2.57%	3.19%	-1.53%	3.97%	-0.14%	4.12%	3.44%	0.68%	0.18%	**24.48%**	**61.10%**
2012	3.32%	4.99%	0.38%	-0.63%	-4.03%	1.73%	1.16%	1.97%	1.80%	0.16%	-1.19%	1.91%	**11.90%**	**29.42%**
2011	0.12%	0.16%	-0.32%	0.51%	0.05%	-2.71%	-3.77%	-3.57%	0.10%	2.88%	-0.35%	0.53%	**-6.37%**	**15.66%**
2010	-1.43%	-1.88%	3.71%	-0.48%	-2.69%	-0.90%	3.08%	-0.62%	1.97%	1.83%	-1.72%	1.95%	**2.59%**	**23.53%**
2009	1.85%	0.04%	2.20%	0.49%	-1.18%	1.94%	3.61%	4.06%	1.30%	-0.78%	0.54%	2.56%	**17.76%**	**20.41%**
2008		-1.21%	-3.13%	2.77%	1.91%	0.06%	-0.75%	3.44%	-3.65%	-2.14%	2.50%	2.76%	**2.24%**	**2.24%**

Performance quoted net of fees based on the most invested share class. Other share classes with higher fees may exist.

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Lancaster European LS Equity Details

Launch date	February 2008	**Fund Structure**	Cayman Master Feeder: Cayman Ltd, Delaware LP
Redemptions	Quarterly		
Notice Period	60 days	**Administrator**	Morgan Stanley Fund Services
Minimum Investment	$10,000,000	**Auditor**	KPMG
Management Fee	1.0%	**Prime Brokers**	Credit Suisse, Goldman Sachs, Morgan Stanley, UBS
Performance Fee	15%* (subject to HWM)	**Custodian**	State Street
Lockup Period	12 months	**Legal Advisors (UK)**	Schulte Roth & Zabel
Subscriptions	Monthly	**Legal Advisors (US)**	Schulte Roth & Zabel
Gate	None	**Legal Advisors (Cayman)**	Maples & Calder
		Contact Details	Richard Lamplough richard.lamplough@lancasterIM.co.uk +44 20 7842 1049

Details above refer to classes G&H and equivalent

* Payable over multiple years – please see offering documents

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